



U.S. DEPARTMENT OF ENERGY  
Office of Electricity Delivery and Energy Reliability  
Infrastructure Security and Energy Restoration

# ENERGY ASSURANCE DAILY

Tuesday Evening, October 09, 2007

## ***Electricity***

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### **Propane Explosion at Atlas Foundry in Washington, Causes Power Outage October 6**

The explosions occurred when a propane tanker truck caught fire at an industrial site in Tacoma, Washington, causing two nearby propane tanks to explode. Debris from the tanker truck led to the closure of a state highway bridge. The explosions damaged a nearby electrical substation and knocked out power to 13,000 Tacoma Power customers, primarily in the industrial district. Power was restored to all but 200 Customers as of October 8.

<http://www.komotv.com/news/local/10288352.html>

[http://www.king5.com/topstories/stories/NW\\_100707WAB\\_tacoma\\_explosion\\_sunday\\_SW.1496eb2f8.html](http://www.king5.com/topstories/stories/NW_100707WAB_tacoma_explosion_sunday_SW.1496eb2f8.html)

<http://www.washingtonpost.com/wp-dyn/content/article/2007/10/06/AR2007100601636.html>

### **APS's 1,243 MW Palo Verde Nuke Unit 2 in Arizona Shut Due to Cooling Water Leak October 7**

The unit was shut due to a cooling water leak. It is expected to be back at full power by Friday.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071007ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071006ps.html>

<http://www.azcentral.com/arizonarepublic/business/articles/1009biz-paloverde1009.html>

[http://biz.yahoo.com/ap/071008/az\\_palo\\_verde\\_reactor.html?.v=1](http://biz.yahoo.com/ap/071008/az_palo_verde_reactor.html?.v=1)

### **Entergy's 1,075 MW Waterford Nuke Unit 3 in Louisiana Shut October 9**

According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on October 8.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071008ps.html>

### **Update: TVA's 1,118 MW Browns Ferry Nuke Unit 3 in Alabama at Full Power October 8**

According to the Nuclear Regulatory Commission, the unit was operating at 75 percent on October 7.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071008ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071007ps.html>

### **Update: Entergy's 966 MW River Bend Nuke Unit 1 in Louisiana Ramped Up to 95 Percent October 8**

According to the Nuclear Regulatory Commission, the unit was operating at 79 percent on October 7.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071008ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071007ps.html>

### **NMC's 512 MW Point Beach Nuke Unit 2 in Wisconsin at Full Power October 7**

According to the Nuclear Regulatory Commission, the unit was reduced to 72 percent on October 6.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071007ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071006ps.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2007/20071005ps.html>

### **Update: OPG's 490 MW Nanticoke Coal-fired Unit 4 in Ontario Shut October 8**

Reuters, 09:52 October 9, 2007

### **TVA's 1,150 MW Sequoyah Nuke Unit 1 in Tennessee Shut October 6**

Reuters, 09:52 October 9, 2007

### **Integryst's 334 MW Weston Coal-fired Unit 3 in Wisconsin Shut October 6**

Reuters, 15:51 October 9, 2007

### **Tenaska's 830 MW High Desert Gas-fired Unit in California Shut October 8**

Reuters, 15:51 October 9, 2007

### **TransAlta's 381 MW Keephills Coal-fired Unit 1 in Alberta Shut October 8**

Reuters, 09:52 October 9, 2007

### **Entergy's 620 MW Vermont Yankee Nuke Unit in Vermont Reduced October 8**

The unit was reduced to 87 percent in order to make chemical adjustments in the cooling system.

Bloomberg News, 12:22 October 8, 2007

### **Update: Dynegy Restarts 510 MW Moss Landing Gas-fired Unit in California October 8**

The unit was shut on October 7.

Bloomberg News, 19:15 October 8, 2007

## ***Petroleum***

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### **Shell Lifts Force Majeure on Forcados Crude Oil in Nigeria October 8**

On October 8, Shell announced that it had lifted the month-long force majeure on the Forcados crude oil production. Shell shut in some of the production from the Forcados and EA fields as early as February 2006 following the onset of a series of attacks by militants. Although limited production resumed in recent months, a Shell representative, indicated that production remains "at a very low level," and working with local authorities has been "a very slow process." Shell anticipates that production in November will average 111,667 b/d, approximately one quarter of the production level prior to the onset of the attacks.

[http://www.rigzone.com/news/article.asp?a\\_id=51175](http://www.rigzone.com/news/article.asp?a_id=51175)

<http://www.platts.com/Oil/News/8289026.xml?p=Oil/News&sub=Oil>

<http://money.cnn.com/news/newsfeeds/articles/newstex/AFX-0013-20122212.htm>

### **Update: Valero's 135,000 b/d Wilmington Refinery in California Running at Normal Rates October 8**

The refinery had shut October 3 due to a power outage.

<http://www.platts.com/Oil/News/7693001.xml?p=Oil/News&sub=Oil>

### **Emissions Event at ConocoPhillips's 247,000 b/d Sweeny Refinery in Texas October 5**

According to a filing with state regulators, a leak of hydrochloric acid resulted in an emissions event lasting 6 hours.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=98357>

### **Fire at Somerset's 5,500 b/d Somerset, Kentucky Refinery October 5**

The fire was confined to a gasoline-making reformer. According to company officials the fire was extinguished within 25 minutes. No casualties or serious damage was reported.

Reuters, 14:24 October 5, 2007

### **Cat Cracker Shut at Hess's 65,000 b/d Port Reading, New Jersey Refinery October 8**

A problem with a wet gas compressor led to the shutdown of the cat cracker during the late evening on October 8.

The company anticipates that the unit will restart on October 10.

Reuters, 09:59 October 9, 2007

### **Update: Hydrocracker Shut at ConocoPhillips's 139,000 b/d Wilmington, California Refinery**

The company reported that output was reduced following a problem with a hydrocracking unit developed and the unit was taken offline. The problem occurred during the attempt to restart the refinery that had experienced a power failure on October 3.

Reuters, 13:17 October 8, 2007

### **DCU Upset and Hydrotreater Shut at Shell's 155,600 b/d Martinez, California Refinery October 7**

A compressor for the delayed coking unit tripped on October 7 causing an upset lasting about an hour. The refinery reported that it was operating at normal rates following the event. According to a report filed with state regulators, a hydrotreater was also shut.

Reuters, 12:23 October 8, 2007

<http://www.oes.ca.gov/Operational/MALHaz.nsf/fl1841a103c102734882563e200760c4a/d517d9e6b31bd1bc8825736f0052fd76?OpenDocument>

<http://www.oes.ca.gov/Operational/MALHaz.nsf/fl1841a103c102734882563e200760c4a/e2267e744af5f9cb8825736f004d083f?OpenDocument>

### **BP's 200,000 b/d Atlantis Oil Field in Gulf of Mexico to Begin Production in December**

A BP spokesperson confirmed that the offshore oil project would begin commercial production by December 2007.

Reuters, 11:14 October 8, 2007

<http://www.bhpbilliton.com/bb/investorsMedia/news/2007/oilProductionBeginsAtGenghisKhanFieldInDeepwaterGulfOfMexico.jsp>

### **Valero's 275,000 b/d Aruba Refinery Shut October 5**

The refinery experienced a power outage on October 5. A Valero spokesman said that the plant would be shut at least another week.

Bloomberg News, 18:11 October 8, 2007

### **Shell to Conduct Maintenance on Compressor at 340,000 b/d Deer Park, Texas Refinery October 9**

According to a filing with state regulators, the company will replace an anti-surge valve on the Coker wet gas compressor. The company decided to make the replacement now as the next scheduled unit shutdown is not until 2012.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=98211>

### **OPEC Needs to Boost Production by 500,000 b/d In Order to Meet Global Demand-EIA**

The head of the Energy Information Administration said on October 9 that OPEC needed to increase production at its December meeting in order to meet global demand for the first quarter of 2008.

Reuters, 11:06 October 9, 2007

### **Proposed Tax Increase in Alberta May Slow Oil-Sands Development**

A proposal to raise oil and gas royalties in Alberta has led some companies to reconsider oil sands projects.

Canadian Natural said that if the government adopts a new tax on projects that they may cancel proposed oil-sands projects worth C\$7 billion. ConocoPhillips, Talisman Energy, and EnCana also made similar statements regarding postponing or cutting back on plans should the tax increase be adopted.

Bloomberg News, October 9, 2007

## ***Natural Gas***

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### **FERC Approves Transcontinental Pipeline's 165 MMcf/d Potomac Expansion in Washington D.C. Area**

<http://elibrary.ferc.gov/idmws/common/downloadOpen.asp?downloadfile=20071005%2D3034%2818055889%29%2Epdf&folder=9600073&fileid=11471082&trial=1>

### **Energy Transfer Partners Plan Two Pipeline Expansions in Texas**

Energy Transfer Partners (ETP) plans to expand 700,000 Mcf/d Katy Pipeline in southeast Texas to more than 1.1 Bcf/d. The company will add 56 miles of 36-inch diameter line and 20,000 horsepower of compression. ETP is also planning to expand Cleburne-Carthage pipeline by 500,000 Mcf/d and will add 32 miles of 42-inch diameter line to that system. Construction on both projects is expected to begin in June 2008 and be in service in September 2008.

<http://www.platts.com/Natural%20Gas/News/8289288.xml?p=Natural%20Gas/News&sub=Natural%20Gas>  
<http://www.energytransfer.com/PressReleases.asp?idPressRelease=188>

### **Turbine Shut at 160 MMcf/d Goldsmith Gas Plant in Texas October 8**

According to a filing with state regulators, the Goldsmith Gas Plant experienced a problem with a turbine during the early afternoon on October 8.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=98444>

### **Flaring at 65 MMcf/d Dollarhide Gas Plant in Texas October 8**

According to a filing with state regulators, a faulty valve led to a leak of unprocessed gas resulting in the shutdown of a number of compressors during the early morning on October 8. Operations were expected to be restored between 7-9:00 pm October 8.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=98446>

### **Leak at Duke Energy's Field Services Pipeline in Texas October 7**

According to a filing with state regulators, a problem maintaining pressure developed at the site of the leak.

External corrosion is suspected as the source of the problem. Production from affected producers has been shut, the line has been depressurized, and is being repaired.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=98390>

### **Emissions Event at Yates Field Unit Wells in Texas October 6**

A leak developed on the plant's gas injection system at 4:30 pm October 6. The failed portion of the system remains out of service.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=98388>

### **Florida Gas Issues Shipper Alert Due to Hot Weather October 9**

Florida Gas Transmission issued an overage alert at 25 percent tolerance.

[http://www.hottap.panhandleenergy.com/index.jsp?companyName=FGT&pg=notices\\_CR&frames=none](http://www.hottap.panhandleenergy.com/index.jsp?companyName=FGT&pg=notices_CR&frames=none)

## **Other News**

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### **2007/2008 Winter Fuels Outlook Conference Held October 9**

The National Association of State Energy Officials hosted the conference sponsored by the U.S. Department of Energy's Office of Electricity Delivery and Energy Reliability (OE) and the Energy Information Administration (EIA). Assistant Secretary and OE Director Kevin Kolevar gave welcoming remarks, describing OE's mission and stating that the government's ability to recover from energy emergencies is fundamentally stronger than pre-2005 hurricane season. Michael Halpert from NOAA presented forecasts that winter is expected to be warmer than normal, but 1-2% cooler than last winter. Guy Caruso of EIA presented findings of the latest Short-Term Energy Outlook (STEO) in which EIA forecasts that this winter will be 4% cooler than last season. Consequently, households can expect their overall heating bills to increase about 9.8% this year. Ed Morse of LEHMAN Brothers gave an overview of the global oil market, arguing that prices will stay in the \$70+ per barrel range throughout 2008. John Huber of National Oilheat Research Alliance projected heating oil prices to be higher than natural gas this winter. He also mentioned that distillate stocks are down 9% compared with last year, and high sulfur distillate stocks are down 30% from last year partly due to the new requirement for low sulfur diesel to be used for off-road use that went into effect earlier this year. Assistant Secretary Bob Stephan of DHS outlined the principle threats to U.S. energy infrastructure which are Al-Qaeda, Mother Nature, and accidents. Stephan also noted that 85% of energy assets lie in the private sector, so government and industry cooperation is required for energy security. Walt Hart of Purvin & Gertz stated that U.S. propane inventories fell to historic lows in September 2007, but added that stocks were adequate, and that no major problems are anticipated. Kevin Petak of ICF Consulting spoke concerning natural gas supplies being adequate unless the winter is extremely cold. He also spoke about the dramatic rise in drilling activity over the past 3-4 years, with most new natural gas drilling in the U.S. focused on the Mid-Continent and Rockies. Deputy Assistant Secretary Jim Slutz of DOE presented findings of the National Petroleum Council Study, released earlier this year. Alice Lippert of OE thanked participants and invited all to the Summer Outlook Conference in Denver in the Spring of 2008.

Presentations will be posted on: <http://www.naseo.org/events/winterfuels/default.htm>

NOAA Forecasts: <http://www.cpc.ncep.noaa.gov>

National Petroleum Council Study: <http://www.npchartruthsreport.org/download.php>

EIA Forecasts (STEO): <http://www.eia.doe.gov/emeu/steo/pub/contents.html>

## **AEP Environmental Settlement Largest in History, Impacts Air Quality in U.S. East Coast**

U.S. Justice Department and EPA announced that American Electric Power (AEP) agreed to cut air pollutants, pay penalties, and fund projects to mitigate affects from past emissions, making it the largest environmental settlement in U.S. history. AEP has agreed to curb emissions by more than 813,000 tones per year, emitting 79 percent less sulfur dioxide and 69 percent less nitrogen oxide.

<http://www.epa.gov/compliance/resources/cases/civil/caa/americanelectricpower1007.html>

## **POET Announces Cellulosic Ethanol Plant to be Operational by 2011 in Iowa**

The company is converting a plant in Iowa to produce cellulosic ethanol. The company estimates that the plant will produce more than 31 million gallons per year.

Reuters, 17:30 October 5, 2007

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b> October 9, 2007			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	80.23	80.00	59.55
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.63	6.55	4.41

Source: Reuters

## **Energy Notes**

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### **FERC to Hold “State of Natural Gas Industry” Conference on November 6**

NGI's Daily Gas Price Index October 08, 2007 <http://intelligencepress.com/>

### **Lightning Strikes Substation, Knocks Out Power to 15,000 Ozark's Customers in Arkansas October 8**

<http://nwanews.com/nwat/News/58021/>

### **Progress Energy Has Two Years to Expand H.B. Robinson Nuke Plant in South Carolina**

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5CgdlomuwXSlj%23%3A%40%24bfem%5Ev>

### **Natural Gas Pipeline Rupture Causes Explosion in Allegan County, Michigan October 9**

[http://www.wvmt.com/news/explosion\\_1343927\\_article.html/fire\\_salem.html](http://www.wvmt.com/news/explosion_1343927_article.html/fire_salem.html)

### **Omaha Public Power District Plant Evacuated after Fire**

[http://www.omaha.com/index.php?u\\_page=2798&u\\_sid=10152993&u\\_rss=1&](http://www.omaha.com/index.php?u_page=2798&u_sid=10152993&u_rss=1&)

### **Production Commences at BHP's Genghis Khan Development in the Gulf of Mexico October 8**

[http://www.rigzone.com/news/article.asp?a\\_id=51180](http://www.rigzone.com/news/article.asp?a_id=51180)

### **Iraq Pumping 300,000 b/d to Turkey via Northern Pipeline-Shippers**

Reuters, October 8, 05:39

## Links

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

### ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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